

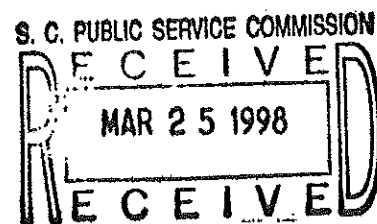
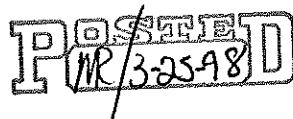
**DIRECT TESTIMONY
OF**

THOMAS W. YARBOROUGH

ON BEHALF OF

SOUTH CAROLINA ELECTRIC & GAS COMPANY

DOCKET NO. 98-002-E



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6
7
8 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

9 A. Thomas W. Yarborough, 1426 Main Street, Columbia, South Carolina.

10 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

11 A. I am Supervisor of Electric Rates and Rate Services Departments of South
12 Carolina Electric & Gas Company (SCE&G).

13 **Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS**
14 **EXPERIENCE.**

15 A. I am a graduate of the University of South Carolina where I received a
16 Bachelor of Science Degrees in Business Administration with majors in
17 accounting and banking, finance, insurance and real estate. In December
18 1977, I received a Master of Accounting. Since joining South Carolina
19 Electric & Gas Company in September 1969, I have held various positions.
20 In January 1996 I assumed my present position. I have participated in cost

1 of service studies, rate development and design, and rate evaluation
2 programs for both the electric and gas operations. I am a member of the
3 Southeastern Electric Exchange Rate Section.

4 **Q. WILL YOU BRIEFLY SUMMARIZE YOUR DUTIES WITH SOUTH**
5 **CAROLINA ELECTRIC & GAS COMPANY?**

6 A. I am responsible for the design and administration of the Company's electric
7 rates and tariffs including electric fuel adjustment. In addition, I am
8 responsible for the Company's electric allocation studies.

9 **Q. MR. YARBOROUGH, WHAT IS THE NATURE OF YOUR**
10 **TESTIMONY IN THIS PROCEEDING?**

11 A. The purpose of my testimony is to provide the actual fuel cost data for the
12 period March, 1997 through February, 1998, the historical period under
13 review in this proceeding. I will also provide the computations for the
14 projected fuel cost per kilowatt-hour of sales for the period May, 1998
15 through April, 1999, along with the Company's recommended fuel rate for
16 the period ending April, 1999.

17 **Q. WHAT IS THE COMPANY'S CURRENTLY APPROVED RATE FOR FUEL**
18 **COST?**

19 A. The Commission in Order No.97-361, dated May 1, 1997 approved a 1.285
20 cents per KWH fuel component which is currently in effect.

1 **Q. WILL YOU PLEASE EXPLAIN EXHIBIT NO. ____ (TWY-1)?**

2 A. Exhibit No. _____ (TWY-1) shows the actual fuel cost and unbilled
3 revenue experienced by the Company for the months of March 1997
4 through February, 1998. As shown on this Exhibit, the Company has an
5 actual over collection of \$2,630,438 as of February, 1998. The forecasted
6 balance at April, 1998 is an over collection of \$3,671,838.

7 **Q. WILL YOU PLEASE EXPLAIN EXHIBIT NO. _____ (TWY-2)?**

8 A. Exhibit No. _____ (TWY-2) provides the calculation of the projected
9 fuel component for the twelve month period May, 1998 through April, 1999.
10 This component consists of the projected fuel costs for this period and the
11 projected over recovery at April, 1998. For the twelve months May, 1998
12 through April, 1999 that cost is 1.312 cents per KWH.

13 **Q. HOW WOULD THE PROJECTED OVER COLLECTION OF FUEL COST**
14 **IMPACT THE COMPANY'S FORECASTED FUEL RATE?**

15 A. The anticipated over collection through April, 1998 of \$3,671,838 would
16 decrease our fuel rate .02 cents per KWH for the twelve month period
17 ending April, 1999. Decreasing the projected fuel cost for the over
18 collection produces a total cost of 1.292 cents per KWH for the twelve
19 month period ending April, 1999.

1 **Q. MR. YARBOROUGH, WHAT FUEL COMPONENT IS THE COMPANY**
2 **PROPOSING IN THIS PROCEEDING?**

3 A. The Company is proposing that the fuel component not be changed and
4 remain at 1.285 cents per KWH effective with the billing month of May,
5 1998 and continuing through the billing month of April, 1999. The Company
6 believes that maintaining the fuel component at 1.285 cents per KWH
7 follows the Commission's intent in the establishment and continuation of the
8 fuel clause by maintaining a relative balance between actual and projected
9 fuel costs and sales over the long run.

10 **Q. WILL YOU PLEASE EXPLAIN EXHIBIT NO. _____ (TWY-3)?**

11 A. Exhibit No. _____ (TWY-3) contains the Company's fuel costs
12 forecast and projected recovery calculations by months for May, 1998
13 through April, 1999. This exhibit reflects the monthly and cumulative over
14 and under projected fuel cost collections expected by the Company using
15 my recommendations as to fuel rate level and timing of the fuel rate
16 change. My projection shows an over recovery of \$3,671,838 at April, 1998
17 and an under recovery of \$1,308,458 at April, 1999.

18 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

19 A. Yes.

20

SOUTH CAROLINA ELECTRIC & GAS COMPANY
FUEL REVENUE REPORT
PER PSC ORDER 79-21

Exhibit No. (TWY-1)

ACTUAL 1997

LINE NO.	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER
1.	TOTAL COST OF FOSSIL FUEL BURNED							
2.	\$8,404,652	\$10,060,793	\$9,568,829	\$13,230,050	\$19,085,571	\$16,546,888	\$13,706,371	\$15,466,270
3.	\$2,337,372	\$1,748,837	\$2,323,506	\$2,244,805	\$2,334,249	\$2,335,684	\$2,232,194	\$221,877
4.	\$5,791,364	\$6,275,517	\$6,355,219	\$6,359,350	\$7,341,659	\$6,520,181	\$5,381,909	\$7,039,518
5.	\$1,016,219	\$928,417	\$774,682	\$1,401,387	\$3,184,981	\$2,063,890	\$1,277,688	\$1,223,938
6.	\$15,517,169	\$17,156,730	\$17,472,872	\$20,432,818	\$25,596,498	\$23,338,863	\$20,042,786	\$21,503,727
7.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	\$15,517,169	\$17,156,730	\$17,472,872	\$20,432,818	\$25,596,498	\$23,338,863	\$20,042,786	\$21,503,727
9.	1,258,493,058	1,327,666,351	1,302,738,583	1,467,050,233	1,766,641,311	1,789,487,492	1,712,618,624	1,497,967,427
10.	0.012330	0.012922	0.013412	0.013928	0.014489	0.013042	0.011703	0.014355
11.	0.01310	0.01310	0.01285	0.01285	0.01285	0.01285	0.01285	0.01285
12.	(0.00077)	(0.00018)	0.00056	0.00108	0.00164	0.00019	(0.00115)	0.00151
13.	1,168,371,604	1,237,435,483	1,206,568,832	1,356,221,814	1,646,661,085	1,668,172,899	1,606,763,154	1,401,908,505
14.	(\$899,646)	(\$222,738)	\$678,092	\$1,464,720	\$2,700,524	\$316,953	(\$1,847,778)	\$2,116,882
15.	\$0	\$0	(\$16,542)	\$0	\$0	\$0	\$1,084,312	\$0
16.	(\$5,797,273)	(\$6,020,011)	(\$5,358,461)	(\$3,893,741)	(\$1,193,217)	(\$876,264)	(1,639,730)	\$477,152

SOUTH CAROLINA ELECTRIC & GAS COMPANY
FUEL REVENUE REPORT
PER PSC ORDER 79-21

Exhibit No. ____ (TWY-1)

LINE NO.	ACTUAL 1997 - 1998				FORECAST 1998	
	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL
1. TOTAL COST OF FOSSIL FUEL BURNED	\$12,856,854	\$12,194,138	\$14,082,621	\$9,912,236	\$11,402,000	\$10,572,000
2. NUCLEAR FUEL	\$1,398,693	\$2,156,254	\$1,826,371	\$2,023,143	\$2,185,000	\$2,186,000
3. PURCHASED AND INTERCHANGE POWER FUEL COSTS	\$6,020,870	\$6,400,871	\$5,586,458	\$5,408,779	\$5,629,000	\$4,558,000
4. FUEL RECOVERED THROUGH INTERSYSTEM SALES	\$1,834,664	\$1,369,271	\$1,631,227	\$393,509	\$559,000	\$150,000
5. TOTAL FUEL COSTS (LINES 1+2+3+4)	\$18,441,753	\$19,381,992	\$19,864,223	\$16,950,649	\$18,657,000	\$17,166,000
6. WESTINGHOUSE CREDITS (ALLOCATED ON TOTAL FUEL COSTS)	\$0	\$0	\$0	\$0	\$0	\$0
7. NET FUEL COSTS (LINES 5+6)	\$18,441,753	\$19,381,992	\$19,864,223	\$16,950,649	\$18,657,000	\$17,166,000
8. TOTAL SYSTEM SALES EXCLUDING INTERSYSTEM SALES (KWH)	1,344,833,065	1,533,164,423	1,550,137,473	1,548,330,962	1,468,000,000	1,406,000,000
9. FOSSIL FUEL COST PER KWH SALES	0.013713	0.012642	0.012814	0.010948	0.012709	0.012209
10. LESS BASE COST PER KWH INCLUDED IN RATES	0.01285	0.01285	0.01285	0.01285	0.01285	0.01285
11. FOSSIL FUEL ADJUSTMENT PER KWH	0.00086	(0.00021)	(0.00004)	(0.00190)	(0.00014)	(0.00064)
12. UNBILLED REVENUE KWH	1,067,830	1,417,003,072	1,443,815,998	1,449,046,126	1,386,000,000	1,324,000,000
13. UNBILLED REVENUE	\$922	(\$297,571)	(\$57,753)	(\$2,753,188)	(\$194,040)	(\$847,360)
14. ADJUSTMENT	\$0	\$0	\$0	\$0	\$0	\$0
15. CUMULATIVE UNDER(OVER)(\$4,897,627)	\$478,074	\$180,503	\$122,750	(\$2,630,438)	(\$2,824,478)	(\$3,671,838)

**SOUTH CAROLINA ELECTRIC & GAS COMPANY
CALCULATION OF BASE FUEL COMPONENT**

**FORECAST
MAY 98 - APR 99
12 MONTHS**

1. PROJECTED DATA:

COST OF FUEL (\$000)	\$254,534
SYSTEM SALES (GWH)	19,395
AVERAGE COST (CENTS/KWH)	1.312

2. (OVER)/UNDER COLLECTION (\$000) THROUGH APRIL 1998 (\$3,672)

SOUTH CAROLINA RETAIL SALES (GWH)	18,262
AVERAGE COST (CENTS/KWH)	(0.020)

3. BASE COST (CENTS/KWH):

PROJECTED FUEL COST	1.312
(OVER)/UNDER RECOVERY RATE	<u>(0.020)</u>
PROJECTED BASE FUEL COST	<u>1.292</u>

SOUTH CAROLINA ELECTRIC & GAS COMPANY
FUEL REVENUE REPORT
PER PSC ORDER 79-21

Exhibit No. ____ (TWY-3)

FORECAST		1998 FORECAST					
		MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER
LINE NO.							
1.	TOTAL COST OF FOSSIL FUEL BURNED	\$13,135,000	\$16,171,000	\$17,637,000	\$18,160,000	\$14,554,000	\$15,493,000
2.	NUCLEAR FUEL	\$2,215,000	\$2,088,000	\$2,261,000	\$2,164,000	\$2,173,000	\$2,045,000
3.	PURCHASED AND INTERCHANGE POWER FUEL COSTS	\$5,554,000	\$5,868,000	\$6,091,000	\$6,357,000	\$5,143,000	\$1,332,000
4.	FUEL RECOVERED THROUGH INTERSYSTEM SALES	\$929,000	\$1,294,000	\$1,297,000	\$1,292,000	\$1,321,000	\$149,000
5.	TOTAL FUEL COSTS (LINES 1+2+3+4)	\$19,975,000	\$22,833,000	\$24,692,000	\$25,389,000	\$20,549,000	\$18,721,000
6.	WESTINGHOUSE CREDITS (ALLOCATED ON TOTAL FUEL COSTS)	\$0	\$0	\$0	\$0	\$0	\$0
7.	NET FUEL COSTS (LINES 5+6)	\$19,975,000	\$22,833,000	\$24,692,000	\$25,389,000	\$20,549,000	\$18,721,000
8.	TOTAL SYSTEM SALES EXCLUDING INTERSYSTEM SALES (KWH)	1,414,000,000	1,621,000,000	1,793,000,000	1,858,000,000	1,802,000,000	1,513,000,000
9.	FOSSIL FUEL COST PER KWH SALES	0.014127	0.014086	0.013771	0.013665	0.011403	0.012373
10.	LESS BASE COST PER KWH INCLUDED IN RATES	0.01285	0.01285	0.01285	0.01285	0.01285	0.01285
11.	FOSSIL FUEL ADJUSTMENT PER KWH	0.00128	0.00124	0.00092	0.00082	(0.00145)	(0.00048)
12.	UNBILLED REVENUE KWH	1,327,000,000	1,522,000,000	1,685,000,000	1,751,000,000	1,702,000,000	1,426,000,000
13.	UNBILLED REVENUE	\$1,698,560	\$1,887,280	\$1,550,200	\$1,435,820	(\$2,462,794)	(\$684,480)
14.	ADJUSTMENT	\$0	\$0	\$0	\$0	\$0	\$0
15.	CUMULATIVE UNDER(OVER)(\$3,671,838)	(\$1,973,278)	(\$85,998)	\$1,464,202	\$2,900,022	\$437,228	(\$247,252)

SOUTH CAROLINA ELECTRIC & GAS COMPANY
FUEL REVENUE REPORT
PER PSC ORDER 79-21

Exhibit No. ____ (TWY-3)

FORECAST		1998 - 1999 FORECAST					
LINE NO.		NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL
1.	TOTAL COST OF FOSSIL FUEL BURNED	\$15,428,000	\$13,206,000	\$15,061,000	\$12,358,000	\$13,875,000	\$15,510,000
2.	NUCLEAR FUEL	\$2,055,000	\$2,139,000	\$2,125,000	\$1,993,000	\$1,339,000	\$0
3.	PURCHASED AND INTERCHANGE POWER FUEL COSTS	\$802,000	\$5,635,000	\$5,349,000	\$5,031,000	\$6,052,000	\$6,628,000
4.	FUEL RECOVERED THROUGH INTERSYSTEM SALES	\$155,000	\$480,000	\$465,000	\$473,000	\$474,000	\$160,000
5.	TOTAL FUEL COSTS (LINES 1+2+3+4)	\$18,130,000	\$20,500,000	\$22,070,000	\$18,909,000	\$20,792,000	\$21,978,000
6.	WESTINGHOUSE CREDITS (ALLOCATED ON TOTAL FUEL COSTS)	\$0	\$0	\$0	\$0	\$0	\$0
7.	NET FUEL COSTS (LINES 5+6)	\$18,130,000	\$20,500,000	\$22,070,000	\$18,909,000	\$20,792,000	\$21,978,000
8.	TOTAL SYSTEM SALES EXCLUDING INTERSYSTEM SALES (KWH)	1,449,000,000	1,566,000,000	1,707,000,000	1,655,000,000	1,541,000,000	1,476,000,000
9.	FOSSIL FUEL COST PER KWH SALES	0.012512	0.013091	0.012929	0.011425	0.013493	0.014890
10.	LESS BASE COST PER KWH INCLUDED IN RATES	0.01285	0.01285	0.01285	0.01285	0.01285	0.01285
11.	FOSSIL FUEL ADJUSTMENT PER KWH	(0.00034)	0.00024	0.00008	(0.00143)	0.00064	0.00204
12.	UNBILLED REVENUE KWH	1,361,000,000	1,471,000,000	1,610,000,000	1,561,000,000	1,455,000,000	1,391,000,000
13.	UNBILLED REVENUE	(\$462,740)	\$353,040	\$128,800	(\$2,232,230)	\$931,200	\$2,837,640
14.	ADJUSTMENT	\$0	\$0	\$0	\$0	\$0	\$0
15.	CUMULATIVE UNDER(OVER)	(\$709,992)	(\$356,952)	(\$228,152)	(\$2,460,382)	(\$1,529,182)	\$1,308,458